PMRS Secretary to Retire

We would like to dedicate this issue of “The Spotlight” to James Allen who is retiring after 30 years of service as Secretary of the Pennsylvania Municipal Retirement System. He is leaving behind a remarkable legacy, and one which will remain with us for years to come. As staff, we have indeed been fortunate to have had the privilege of sharing Jim’s expertise, work ethic and commitment to the members of the System.

As he departs, he can leave knowing that he has left this agency a better place than he found it and that in itself will remain a lasting tribute to his professionalism and dedication to the members and municipalities he has served so well. He has given selflessly of his time and talents to maintain the honor and integrity of the PMRS vision, “to be Pennsylvania local governments’ pension administrator of choice.”

We will miss him as a colleague, a consummate professional, a confidant, a friend, a wise counselor, a shoulder to lean on, a visionary, a leader and indeed, a gentleman.

May his years that lie ahead of him be filled with laughter, happiness and even more goals to achieve. This is our wish as we say “so long” but not farewell.

A Few Words of Thanks...

“How lucky I am to have something that makes saying goodbye so hard”

—Winnie the Pooh

In June, I will pass along a responsibility that has been entrusted to me for some nearly thirty years, the responsibility to issue retirement checks to those members for whom we here at the Pennsylvania Municipal Retirement System have the fiduciary duty of managing their retirement savings. It is hard to explain what a privilege it has been to have had that responsibility for 358 months. It is with much gratitude and sincere appreciation I say thank you and good bye to all who have allowed me to serve as Secretary of this organization.

My first tip of the hat goes to all of the PMRS Board members for whom I have worked directly. Too few of our members understand the time, effort and dedication these ladies and gentlemen have given. I will always respect their wisdom; I can’t thank them enough for their support throughout the years. They have fulfilled their fiduciary duties by always keeping our members’ interests foremost in mind. That has helped me immensely as I attempted to carry out my day-to-day duties.

My second nod must be to the professionals with whom I have been honored to work. These men and women always understood their role in serving our members, always offered up advice when asked (and sometimes even when not asked) and represented their professions with the highest ethical standards. I thank you, actuaries (especially Ken Kent and Eli Greenblum!), consultants (Rich Dahab, mentor and friend), and all of the many money managers with whom I have worked. What a group of scallywags and geniuses! Whatever success we have achieved is, in large measure, because of your support.

(See “A Few Words...”, Page 2)
While acknowledging all of the professionals with whom I have interacted and upon whom I’ve relied, it would be ridiculous of me not to salute the real reason PMRS has been such a pleasurable experience – my coworkers and staff. I think I am safe in saying we have experienced nearly everything imaginable and beyond. Sometimes you have frustrated me, but the vast majority of time, you have done what I have asked and, always and unquestionably, you have kept service to our members foremost in your thoughts. While it has been great working with you, it has been even better coming to think of you.

“A few words...” cont.

Thank you. Thank you. Thank you.

Many have asked me if it is difficult to say good-bye, and perhaps I have surprised many by saying not really. It has been a pleasure to serve, but the time is right for me to be with family and to slow down a bit. I tell them to take the advice offered by Dr. Seuss, “Don’t cry because it’s over. Smile because it happened.” May you too, be able to smile when the time is right for you.

All my best,
James Allen, (June, 2014)

More Accolades

“’Jim Allen was a great guy to work for, keen insight, understood personal relationships, usually right but always fair and honest. I’ll always remember the little note that he stuck on the back of his desk nameplate...it’s easier to get into something than to get out of it.”

Ed Bechtel, (former PMRS Amt. Secretary)

“Jim is the ultimate professional, but was always very down-to-earth, cheerful, and accessible. I could always rely on a quick and accurate response to any inquiry and appreciated his dedication to serving his customers. Jim has a great sense of humor and will definitely be missed.”

Kate Petrosky (North Huntingdon Municipal Authority)

“ ’Jim Allen was a member of the original Advisory council formed by PRISA, the PREI-managed real estate fund in 1994 and served in that capacity for many years. I remember Jim coming to the meetings with “yellow stickies” and handwritten notes all over his copy of the meeting material. He was always prepared and was an active participant in the discussions in an effort to make sure his plan beneficiaries were well served.”

Les Lockwood (Prudential Real Estate Investors)

“ ’Jim Allen was the real reason PMRS has been such a satisfaction of being able to send out day in and day out is done as a labor of honor to serve you. My only regret is humbled and blessed to have had the work for you. I step down as Secretary trusted us, and you have allowed us to PMRS members and municipalities. You have put your faith in us, you have trusted us, and you have allowed us to work for you. I step down as Secretary humbled and blessed to have had the honor to serve you. My only regret is that I wish we could have done more. I assure you, though, that what we do day in and day out is done as a labor of love. Our motivation comes from the satisfaction of being able to send out those monthly checks.

“I have had the great pleasure to work with Jim Allen for 28 years. He is by far the most honest, honorable person I have ever met.”

Rich Dahab (Investment Consultant)

“’I have worked for Jim for almost his entire 30 years at PMRS and in addition to being an exceptional leader and an all around great boss to work for, he has also been an outstanding teacher. I can honestly say that Jim has taught me almost everything I know about PMRS and pension administration. Much of the thanks for what I personally, as well as PMRS as an agency, have accomplished is owed to Jim.”

Kris Cline (PMRS Assistant Secretary)

Finally and most importantly, thank you, PMRS members and municipalities. You have put your faith in us, you have trusted us, and you have allowed us to work for you. I step down as Secretary humbled and blessed to have had the honor to serve you. My only regret is that I wish we could have done more. I assure you, though, that what we do day in and day out is done as a labor of love. Our motivation comes from the satisfaction of being able to send out those monthly checks.

“I have the great pleasure of serving as the next Secretary of the Pennsylvania Municipal Retirement System. PMRS has been an honor to serve as PMRS Secretary in its 40 years of existence. After 30 years of exemplary leadership, Secretary Allen has provided me an excellent platform from which the Agency can continue to prosper and enhance its capabilities. At a time when retirement benefits for dedicated public employees are under intense scrutiny, PMRS has achieved great success by providing high quality, cost-effective retirement plan services to its members. It is a legacy which will both challenge and motivate me.”

Mr. Vaughn’s first official day on the job was Monday, June 9. He can be reached daily by telephone at 717-787-2065 or toll-free at (800) 622-7968. You can expect to hear more from Mr. Vaughn in future issues.
At the March PMRS Board meeting, Chairman Paul Corbin presented Secretary Allen with proclamations from both the State House and the State Senate recognizing his thirty-years of service to the Commonwealth.

Highlights from the two citations read as follows:

Whereas, the House of Representatives of Pennsylvania/the Senate of Pennsylvania is always proud to acknowledge those individuals who, through professional excellence, bring great credit to themselves and this Commonwealth and

Whereas, James B. Allen is being honored upon his June 27, 2014, retirement after more that thirty years of dedicated service as Secretary of the Pennsylvania Municipal Retirement System (PMRS); and

Whereas, a graduate of Indiana University of Pennsylvania, Mr. Allen began his service with the Pennsylvania Municipal Retirement System on February 9, 1984. Throughout his tenure, he consistently upheld his fiduciary duty to the system and its participants in providing sound, cost-effective pension plans for local government employees; utilizing a hands-on approach in his government leadership; and never wavering in his belief of an open government. Mr. Allen previously served as a Research Analyst for the Local Government Commission from 1974 to 1976, as the Research Director of the Pennsylvania State Association of County Commissioners from 1976 to 1979 and as its Executive Director from 1978 to 1984. In addition to his public service to this Commonwealth, he has volunteered his personal time to community service projects and spent three weeks in Louisiana with the American Red Cross after Hurricane Katrina. Throughout his career, Mr. Allen maintained the highest standards of excellence, along with an exemplary commitment to public service that earned him the respect and gratitude of all those who received the benefit of his tireless devotion to duty.

Now therefore, the House of Representatives and the Senate of Pennsylvania congratulate James B. Allen upon his well-deserved retirement; heartily recognizes his exemplary record of service in keeping with the highest ideals and traditions of this Commonwealth; and offers him best wishes for a happy and fulfilling future.

These citations were sponsored by State Representative Susan C. Helm and State Senator Rob Teplitz.
The PMRS Management Team

Despite the pending retirement of Secretary Allen, the Pennsylvania Municipal Retirement System remains in the capable hands of its management team that will be assisting Stephen Vaughn as he transitions into the Secretary role.

Kristine Cline will continue to serve as Assistant Secretary and assist Secretary Vaughn in the day-to-day operations of the System. She can be reached at kcline@pa.gov.

Sean Christine is the Membership Services Division Chief and is responsible for all administrative activities relating to the monthly payroll processing and all member records. He can be reached at schristine@pa.gov.

Donna Miller is the Chief of the Accounting Division and is responsible for coordinating all the financial data of the municipalities. She can be reached at donnmiller@pa.gov.

Anthony Pinto is the Chief of the Municipal Services Division and serves as the liaison between both current and prospective municipalities. He can be reached at apinto@pa.gov.

Wanita Campbell is the Director of Human Resources and serves as Chief of the Operations Division. She can be reached at wancampbel@pa.gov.

Michael Mortimer serves as the Chief Technology Officer for PMRS and is responsible for all IT-related issues. He can be reached at mmortimer@pa.gov.

Calendar of Events

July 4
Holiday: Independence Day (Office Closed).

July 24
Pennsylvania Municipal Retirement Board Meeting

July 30
Retiree checks mailed from PMRS. (Directly deposited pension payments deposited to retirees’ accounts on July 31).

August 22 (Date is approximate)
Minimum Municipal Obligation (MMO) worksheets used to calculate the plan’s financial requirement for the next year mailed from PMRS.

August 28
Retiree checks mailed from PMRS. (Directly deposited pension payments deposited to retirees’ accounts on August 29).

September 1
Holiday: Labor Day (Office Closed).

September 18
Pennsylvania Municipal Retirement Board Meeting.

September 24
Quarterly Reports for the 3rd Quarter mailed to municipalities.

September (TBA)
Pre-retirement Seminar in Northwest Pennsylvania.

September 29
Retiree checks mailed from PMRS. (Directly deposited pension payments deposited to retirees’ accounts on September 30).
Pennsylvania Treasury Transformation

Times are changing and the Pennsylvania Municipal Retirement System is no exception. As you may or may not know, when you retire with a pensionable benefit from PMRS, your annuitized benefit is distributed to you in the form of a check mailed on the next-to-last business day of each month or via direct deposit on the last business day of each month. What you likely do not know is all of the activity that goes on behind the scenes to make the payroll happen.

Each month, PMRS processes 30 to 60 new retirees on average. The calculations of benefits and applicable paperwork submitted from the retiree are reviewed in-house, and the data is inputted into the PMRS administration software. The entire electronic database of retirees is then submitted to the PA Treasury, which prepares the Electronic Funds Transfer (EFT) for the nearly 3,500 members receiving Direct Deposit and the nearly 1,500 members receiving paper checks. The Treasury also receives each file of the newly retired members for audit. As you can imagine, there are a lot of wheels turning at once.

Under a new Treasury Modernization Project which takes effect on July 1, the Treasury has notified us that they will need more time to process the payments. That means PMRS will also need more time. Up to this point, we could tell the newly retiring members that if we received their retirement paperwork (in good order) by the tenth of the month, they could receive their first pension payment at the end of the month. **Now, for a new retiree to receive payment at the end of the month, he/she must have the retirement application submitted (in good order) by the first of the month.** Depending on the timing for submitting the payment request file to Treasury for any given month, we may be able to process applications received after the first for payment in that month; however, we can only expect payment in the same month for applications received by the first.

Although this may seem early, the member does not have to worry about losing any benefit. Even if you do not get the paperwork submitted in time for the next month’s payroll after leaving municipal service, you will be paid retroactively to the first day of retirement in the very next payroll distribution on the following month.

PMRS is also working towards having our checks mailed directly from the Treasury Department. We anticipate this to happen by the end of the year. This will drastically cut down on the processing time and will allow us to once again extend the deadline for processing new retirement applications for the current month’s payroll. We will inform you when any future changes are implemented, and we thank you for your understanding and patience as we work through this new process. ■
Strength in Numbers

While the “Pension Crisis” is so prevalent in the news throughout Pennsylvania as well as throughout the country, it is understandable that you could be concerned about the strength of PMRS as a fiduciary for your retirement funds. At the forefront of the pension debate is what is known as “unfunded liability,” which in the simplest terms is when a pension has more liabilities than assets. In such a case where the money set aside in the pension is not sufficient enough to cover present and future pension payments, there is a risk that there will not be enough money to cover the pensions of people retiring in the pension plan. The greater the unfunded liability, the greater the risk the plan won’t be able to cover the required payments to retirees.

Let’s look at how the most news making pensions in Pennsylvania stacked up in regards to their funded liabilities in the 2012 valuations for an apples-to-apples comparison …

<table>
<thead>
<tr>
<th>Plan</th>
<th>Funded Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittsburgh</td>
<td>92%</td>
</tr>
<tr>
<td>PA Municipal Retirement System (PMRS)</td>
<td>104% Funded</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>50%</td>
</tr>
<tr>
<td>Pennsylvania State Employees Retirement System (SERS)</td>
<td>41% Funded</td>
</tr>
<tr>
<td>Public Schools Retirement System (PSERS)</td>
<td>34% Funded</td>
</tr>
</tbody>
</table>

PMRS contracts its actuarial risk management needs out to Cheiron, Inc., an employee-owned, full-service actuarial and financial consulting firm, advising a national client base of public employers. Each year, Cheiron presents to the Pennsylvania Municipal Retirement Board an Actuarial Valuation Report that includes a snapshot of the long-term progress of the system. The following is the current snapshot of PMRS’ relationship between assets and liabilities and the historical trend over the last 10 years.

Whereas each plan administered by PMRS is its own pension plan, the funded liability here represents the average of all plans in the entire system. Although each plan experiences a different funded liability, the aggregate funded liability of “the system” illustrates an overall strength of the plans administered by PMRS on average.